

4. RESULTS OF THE STUDY

4.1. Sample Characteristics

As shown in Table 1, the study sample comprises respondents who vary on both organisational and demographic characteristics. Hoteliers make up almost 50 percent of the respondents and this is not surprising as the hotel sector contributes up to 63.5 percent of the total workforce in the tourism industry in Malaysia. Twenty-five percent of the respondents are from Malaysia Tourism Promotion Board whilst the remainder are travel agents, airline staff and state government employees. Approximately 60 percent of the respondents are in the sales and marketing line and the operations area. The bulk of the respondents are from the managerial level (38.1 percent) and executive levels (47.7 percent), whilst top management only account for 4.1 percent and the lower category as represented by the clerical staff at 10.2 percent. The tourism industry generally experiences a high staff turnover as evidenced by the fact that almost 40 percent of the respondents have less than 3 years of work experience in their current organisations. Less than 20 percent have had more than 10 years of work experience in the existing organisations. On the industry front, the picture is slightly different as up to 38 percent of the respondents have more than 10 years of service. About half of the respondents come from large organisations (301 staff and above). Respondents from Kuala Lumpur account for 51.3 percent, followed by Sarawak (15.7 percent) and Penang (14.2 percent).

Demographically, as shown in Table 2, the respondents reflect proportionately the racial composition of Malaysia, with Malays representing 48.7 percent, Chinese 33.0 percent and Indians at 10.7 percent. Females at 50.8 percent slightly outnumber males. Close to 85 percent are below 40 years of age which, to a certain extent, reflects the vigour of the industry. Two-thirds of all respondents are married and about 55 percent have children. Slightly more than half are Muslims, whilst Buddhists account for 20.3 percent and Christians 15.2

percent. Hindus make up the lowest number at 6.6 percent. About 20 percent of the respondents are degree-holders, with up to 4.1 percent having post-graduate qualifications. The rest are those with Form 5, Form 6 or Diploma holders accounting for more than 70 percent. Income appears to be normally distributed, with 3.0 percent earning RM 700 and below per month at the bottom rung and 6.1 percent earning more than RM 5,000 per month at the topmost level. The majority (67 percent) earn in the range of RM 1,000 to RM 3,000 per month.

4.2. Personal Values

Values have been defined as "general standards by which we formulate attitudes and beliefs and according to which we behave" (Posner *et al.*, 1987). Rokeach (1973) treated values as an enduring belief for a specific mode of conduct that is preferred to an opposite mode, while Nystrom (1990) viewed it as normative beliefs about proper standards of conduct. Personal values of individuals are important because they constitute the mindset of personalities in a given situation. In fact, researchers have demonstrated that personal values do influence corporate strategy decisions (Guth and Tagiuri, 1965) and even managerial decisions (England, 1975).

On the other hand, social adaptation theorists describe values as a type of social recognition that facilitates an individual's adaptation to the environment (Kahle, 1983). Homer and Kahle (1988) state that values reflect the most basic characteristics of adaptation. According to them, they serve as the basis from which attitudes and behaviors are created. Thus, while definitions differ, there appears to be a general consensus among researchers that values, to a great extent, do influence behavior. (Connor and Becker, 1979; Williams, 1979)

4.2.1. Honesty Quotient

The Honesty Scale is made up of four dimensions : respondents rate themselves on a 10-point numerical scale on their perceived level of honesty including their perception of their colleagues, subordinates as well as superiors. The results based on the 10-point numerical scale are collapsed into 5 categories to facilitate analysis, as shown in Table 3. An appreciable 58.9 percent of the respondents rated themselves as most honest (level 9 and 10), with nobody rating themselves in the least honest category (level 1 and 2). By contrast, respondents' rating of their colleagues, subordinates and superiors tell a different story. Only 37 percent rated their colleagues as most honest. Surprisingly, bosses were rated higher at 50.3 percent in terms of being most honest as compared to 32 percent for subordinates. Probably, an explanation could be that the respondents were "playing safe" since most of the questionnaires had to be returned to the "bosses" for return transmission to the researcher. The other reason could be that employees were also trying to "polish the bosses' apple" for certain strategic reasons.

In terms of gender, there is no significant difference between male and female respondents in the way they perceive of their honesty quotient. The same applies to their rating of their colleagues and superiors. However, in the area of rating of subordinates, female respondents were generally lower. Only 27 percent of females as compared to 37 percent males rated their subordinates as being most honest. This is compounded by the fact that in this category, up to 9 percent of females did not indicate any rating for their subordinates, which is incidentally the highest rate for non-responses in all categories. Could this be due to the physiological make-up of the sexes which inhibit the females from making character judgements for those below them or could this be explained as "petty office politics unique only to female workers"?

The racial context of how the respondents rate themselves, their colleagues, superiors and subordinates helps to provide an understanding of how the various racial groups relate to themselves and to others in the area of trust and confidentiality. In Table 4, the Indian community rated themselves as the most honest in the study, yielding a score of 85.7 percent. The Others category was next at 66.6 percent, whilst the Malays and Chinese are neck-to-neck at 54.2 percent and 55.4 percent respectively. No racial group rated themselves as least honest (level 1 and 2). However, 3.1 percent of the Malays rated themselves at level 3 and 4 which is the lowest of the overall respondents. Either they were very frank about themselves or they were too modest. Or it may even be a case of low self-esteem !

Rating of their colleagues was the highest for the Others racial group at 60 percent for the most honest category. There was no significant difference for the three main racial groups with their ratings ranging from 33.3 percent to 36.9 percent. This means that across the main races, all respondents generally feel the same about their colleagues level of honesty and trust. In the rating of subordinates and superiors, the Others racial group rated both groups the highest in their categories. In the rating of subordinates, the three main racial groups showed negligible differences in their ratings, ranging from 28.6 percent for Indians to 32.8 percent for Chinese for most honest levels. However, in the rating of superiors or bosses, the difference gap is wider. Indians rated their bosses as most honest at 61.9 percent, as compared to the Chinese at 52.3 percent whilst Malays had an even lower score at 42 percent. In the analysis, what is surprising is that whilst the Indians rated their subordinates the lowest of all the races with a score of 28.6 percent, on the other hand, they are lavish in their ratings of their bosses, scoring the highest rating of the three main racial groups at 61.9 percent. This might be due to deference to authority syndrome or it could be fear of reprisal from their bosses. We may never know the real reasons behind this but the social and psychological implications are certainly fertile ground for further research.

The element of honesty is related to being truthful and doing good. To what extent is this influenced by factors of religious adherence ?. Based on the feedback from respondents, it appears that no religion, other than Hinduism has a significant foothold on a comparative basis, insofar as their perceptions are concerned. Hindu respondents rated themselves as most honest with an absolute score of 100 percent. All other religions are in the mid 50s percentile range. When it comes to rating their colleagues' honesty quotient, Hindus were more generous with 46.2 percent of them giving a rating for considering their colleagues most honest. Respondents of other religions were at par with their ratings ranging from a low of 33.3 percent by Christians and a high of 37.5 percent by Buddhists. In rating their subordinates and superiors, respondents of each respective religion operate differently. In fact, respondents of all religions rated their superiors higher than their subordinates. However, whilst Hindus rated their superiors highly at 69.2 percent (incidentally the highest in the category), they rated their subordinates poorly, at only 30.8 percent.

The age factor can also account for differences in respondents' perception of theirs as well as others' level of honesty. To facilitate analysis, all age groups are collapsed into 2 main groups in Table 5 with the dividing line being 40 years. The rationale is based on expediency since political parties in the political arena today uses 40 years as the age limit for their youth groups. Based on this division, older people had a slight edge. More older respondents (41 years and above) rated themselves, their colleagues and their subordinates higher in terms of levels of honesty than younger respondents (40 years and below) . The only category in which more younger respondents had a slight edge is in the category of rating superiors. This could be reflective of a trend that the older respondents are probably already well-entrenched in higher posts and could see no need to "kowtow" to their bosses' whims and fancies, whereas the younger respondents are still on the career path and require to craft strategic alliances along the way.

Finally, the role played by education in influencing the perception level of respondents is also examined. Based on feedback, with the exception of post-graduate qualifications, all other respondents appear to rate themselves highly in terms of being most honest the higher they climb the educational rung. For the most honest level (level 9 and 10), respondents with Form 3 qualifications only make up 33.3 percent, as compared with Form 5 (50 percent), Form 6 (60 percent), professional qualifications (81.8 percent) and degree-holders (72.7 percent). For rating of their colleagues, subordinates and superiors, educational level does not appear to make any difference, as there is no systematic trend either inversely or conversely. On a comparative basis however, respondents rated their superiors higher followed by their colleagues with their subordinates rated the lowest.

What this honesty scale tells us is that the travel industry employees are essentially people who believes strongly in themselves where values of honesty are concerned. This is in line with what Foss (1995) said when he termed honesty as “ a thing of moral beauty and ought to be treasured”. Thus, apart from a strong inherent belief in their own positive mentality, this level of perception is also extended to their superiors for certain reasons.

4.2.2. Conflict of Values

In business organisations today, it is common to find that values that you personally cherished may not be the same as organisational policy. In such instances, ethical conflicts arise. Research has shown that employees may sometimes behave differently from what are expected of them in their acting on behalf of the company. (McCoy, 1985; Houlden, 1988; Moser, 1988). In fact, most research has concentrated on occasions when individuals have higher ethical standards than the organisation and face the pressure of conforming to

the lower standards of the organisation (Brenner and Mollander, 1977; Laczniak, 1983; Posner and Schmidt, 1987).

In this study, respondents were given four options when faced with the dilemma of a conflict between their personal values and that of the company : to accept the company's values, to pretend not to know about it, to bring up the issue but compromise by backing off if company insists on its policy and finally to bring up issue and to hold true to one's values by quitting job if there is no resolution in your favor.

The results in Table 6 revealed that 15.7 percent chose the first option as they believed that their jobs were far too important than values. 8.1 percent of the respondents felt that this was not something easy to resolve and the best recourse was to pretend not to know about it. Snell (1993) categorises these two behaviors as "moral passivity". According to him, it is defined as the readiness to adapt or condone behavior which is "below capacity" in terms of ethical reasoning. This happens when one's actions do not reflect one's full ethical reasoning capacity and where one actually "levels down" in order to match the demands of a moral ethos, more powerful individuals or an organisation. Payne and Giacalone (1990) suggested this could be due to attribution theory where employees attribute their conduct to external causes such as organisational constraints. However, whilst 23.8 percent of respondents are content to be in the passive camp, the remainder are more proactive. 73.1 percent felt the need to be more morally assertive. To Snell, this entails standing up for and defending "higher principles". But, of this figure, there is a division – about two-thirds will back off if the organisation persists in its values, leaving the one-third to fight to the end over its stand over personal values, with resignation as the final option. The last category which made up 29.4 percent of the respondents are said to be morally aggressive since they adhere to a ruthless insistence on ethical codes or principles, regardless of the consequences and side-effects. In fact, research has shown that the difference between moral

assertiveness and moral aggression is essentially a matter of degree and at times the distinction between them is blurred. Contrary to most earlier research whereby morally passive conduct is more frequent and widespread at work than moral assertiveness, this study indicates otherwise, with 73.1 percent of respondents willing to make a stand when such a conflict arises, even though when the crunch comes, only 29.4 percent of them are still willing to face the consequences.

The study also drew the boundary for respondents in terms of organisation affiliation. Respondents of all five categories of organisations registered high levels of moral assertiveness, with airline staff topping the list at 85.7 percent and NTOs at the bottom rung at 60 percent. Generally, when it comes to sticking your neck out behind what you stand for, NTOs were the most passive, whilst travel agents occupy the other end of the spectrum by being the most morally assertive. Governmental regulations, which contribute to organisational values to a large extent, are straight-forward and are seldom negotiable, hence explaining the position staked by employees of NTOs. Occupation-wise, those in the technical-related sectors such as Engineering, Computing and Research are generally more passive when faced with a conflict of values. Other sectors like Management, Marketing and Public Relations which are more people-oriented are seen to be more morally assertive, and respondents in the Management side are seen as the most willing to face the consequences of resigning from their jobs when such conflicts arise. Where work experience is concerned, both in the current organisation and in the industry, there does not appear to be any noticeable trend between those who just joined and those with years of experience. Occupational level also influences the perception level of respondents. The study showed that hierarchy in the organisation affects the way respondents perceive dilemmas involving a conflict of values. Clerical staff are most morally passive, while CEOs are the most morally assertive. This shows that the higher one goes up the occupational hierarchy, the more morally assertive the person will be. In terms of

organisational size, the study showed that respondents of small organisations (staff of less than 50) are more morally assertive and willing to stand up for their beliefs whereas respondents of medium and large organisations are more morally passive. Generally, corporate culture is more pervasive in large organisations than smaller ones. The suggestion by Victor and Cullen (1988) that organisations are responsible for the ethical and unethical behaviors of their employees therefore gains currency.

On the demographic level, Table 7 reflects the characteristics of respondents in situations relating to conflict of values. Racially, Malays are the most morally passive at 17.7 percent., while Indians top the races at 33.8 percent for being the most morally assertive. It is interesting to note that 7.7 percent of the Chinese did not indicate a response, reflecting a sense of ambivalence in such situations. By gender, females are seen as having a higher tendency towards passive acceptance of organisational values in the event of a conflict. By contrast, males are slightly more morally assertive. The age factor plays a part here as the younger generation (40 years and below) are more willing to exercise their moral standing in a conflict of values, whilst the older generation (41 years and above) are more content to either accept the organisation's values or to simply ignore the whole issue altogether. This seems to imply that the older generation has gone through such battles before and they are now acting on the basis of their past experience and wisdom that comes with age. A comparison of respondents based on the Marital Status variable produced no significant differences. Religiosity is also relevant as the study showed that Muslims and Buddhists were more willing to accept the organisational values in the face of a conflict. By contrast, Christians and Hindus are seen as more morally assertive. In the realm of education, it was found that respondents with a higher educational qualifications were likely to be more assertive morally compared to those having a lower educational background, who are more likely to be morally passive. The only exception is those with post-graduate qualifications who appear to be more passive morally. One possible reason could be that they are more

knowledgeable and having understood the futility of conflicts, have been resigned to the status quo of the situation. Finally, income level is seen as another factor influencing respondents' perceptions. The study showed that respondents with lower income (those earning less than RM 3,000 per month) are generally more morally passive whilst those with a higher income level (earning RM 3,001 and more) are morally assertive.

4.2.3. Locus of Control

Locus of control is an important concept in management techniques and business ethics. It refers to an individual's perception of how much control he or she exerts over the events in life (Trevino, 1992). Trevino further suggested that locus of control is not something that a person is born with but develops over time through interaction with other people and the social environment. Although it is relatively stable, it can also shift depending on the circumstances. This concept espouses that individuals with a high internal locus of control (called internals) see themselves in control of things that happen and believes that outcomes are primarily the result of his or her own efforts. On the other hand, individuals with high external locus of control (called externals) believe that life events are primarily determined by fate, luck and other external factors beyond his or her control (Levenson, 1974; Rotter, 1966).

In Table 8, the study reveals that there were slightly more externals at 48.2 percent as compared to internals at 47.7 percent. Externals are those respondents who blame fate and office politics for not receiving what they deemed were just rewards for efforts made. Internals are those who only blame themselves for not receiving the rewards that they thought were due to them and probably felt that their efforts were not sufficient to merit any reward. Although the locus of control continuum was fairly distributed among respondents in the study, an analysis on an organisational basis showed that those working for

airlines, NTOs, and travel agents have more external locus of control, whereas those working for hotels and state governments are identified as having more internal locus of control. This means that employees of the former tend to constantly blame bad luck and other external factors for performance failures or ethical lapses since that is how they viewed the world, whilst those in the latter category are more likely to take responsibility for the consequences of their actions. Taking a look at how occupational level affects respondents' locus of control, the study revealed that mid management staff like managers and officers are more externals, while top management and support and clerical staff are internals. This could probably be explained by the phenomenon that managers and officers have wider scope of tasks in area of implementation which can be subject to many external forces and factors, while top management and clerks are more secure since their tasks are more well-defined in terms of operation. Where occupation type is concerned, the study showed that respondents in management, purchasing, marketing, public relations, engineering, computing and research functions are more likely externals, whereas those in Accounts, Human Resources and Operations are internals.

On a demographic basis, the study revealed that males were internals whilst females were externals. This has implications for management as the practice of blame must find a logical outlet since disgruntled staff can impact on productivity and cause a whole lot of related problems in the workplace. On the basis of race, the Indian community stands out as internals whilst all other races tend to be externals. However, it must be noted that the margin for internals is minor, with the Indians at 53.8 percent and the other races trailing slightly behind : the Chinese at 49.2 percent, the Malays at 46.9 percent and the other races at 40 percent. Where age of the respondents is concerned, it also plays a part in the locus of control continuum. The study showed that the older the respondents were, the more likely they were to blame fate for their misfortunes. The reverse is true of the younger generation for blaming office politics as the younger they are, the more likely they are to apportion blame on

office politicking and intrigue on their troubles. However, the younger generation has a saving grace in that they were more likely to blame themselves than the older generation for bad results. This could be attributed to the younger generation's more open mind and liberality whereas the mindset of the older generation is more narrow and limited. Religion is an important influence on the respondents' locus of control since religious teachings generally teach its adherents to do good. The results of the study showed that respondents of the Muslim and Christian are externals while Buddhists, Hindus and free-thinkers are internals. It is possible that some respondents must have interpreted blaming on fate to also include "as being destined by its deity". Therefore, it is surprising to note that whilst the four major religions have deities to fall back on, the free-thinkers do not, yet they are ranked the highest in terms of blaming fate compared to the others. Significantly, the free-thinkers are also those who rated the highest when it comes to being an internal, that is, blaming themselves instead of other. Finally, the educational factor revealed that respondents with lowest qualifications (Form 3 and Form 5) and highest qualifications (Degree and post-graduate-holders) are externals, while those with in the mid range (Form 6 and Professional qualifications) are internals.

What are the implications for management based on such results ?. Internals are more valued for obvious reasons. Apart from seeing themselves in charge of their own fate, they are also more likely to help another person even if they incurred a penalty for doing so. (Midlarski, 1971) and are usually less willing to be pressured by others to do things they believed to be wrong (Johnson *et al*, 1968). On the other hand, externals with a penchant for blaming everything else except themselves, have been found in a study to be more likely to inflict harm on others when told to do so by authorities even though it was against their values (Propst, 1979). Additionally, externals tend to view questionable workplace activities as perfectly acceptable and researchers have in numerous studies convincingly linked this attitude with Machiavellianism (Comer, 1985; Gable *et al.*, 1986; Galli *et al.*, 1986; Mudrack, 1990; Solar and Bruehl, 1971).

Empirical research also shows that an external locus of control is associated with behaving unethically in an experimental scenario (Hegarty and Sims, 1978) and even to the extent of indicating a willingness to engage in insider trading (Terpstra et al., 1991) even though they know it is wrong from the ethical point of view.

4.3. Ethical Scale Characteristics

The overall ethical scale is made up of 22 items, classified into 3 categories; each dealing with a particular relationship, deemed to have a bearing on the ethical perceptions of the respondents.

4.3.1. Relationship with Organisations and Colleagues

A total of 12 items make up this category scale, with items ranging from all aspects of respondents' relationship with their organisations and colleagues.

The items are as follows : -

- a) Conflict of Interest between Work Duty and Friendship
- b) Sexual Harassment as a means to gain favors.
- c) Fair system of hiring based on ability and merit.
- d) Opportunity for promotion based on fair appraisal.
- e) Employees' right of reply during firing based on misconduct charge.
- f) Employees' right to safe working environment.
- g) Fair and consistent policy of punishment for all.
- h) Doing personal matters during office off-hours.
- i) Usage of corporate reputation for personal gain.
- j) Whistle-blowing in the workplace.
- k) Conflict of Interest involving relatives.
- l) Conflict of Interest involving close friends.

Respondents rate the scenarios by indicating agreement or disagreement based on the 5-point Likert scale. A rating of 5 will indicate the highest level of ethicalness and a rating of 1 the lowest level of ethicalness. Based on the aggregate scores of the respondents, the study showed that they achieved high ethical scores in situations involving sexual harassment, opportunity for promotion to be based on ability and merit and employees' right to a safe working environment, average ethical scores in situations involving fair system of hiring based on ability and merit, employees' right of reply during dismissal charge, fair and consistent policy of punishment for all, and whistle-blowing and low ethical scores in situations involving conflicts of interest between work duty and friendship and blood relationship, usage of corporate resources and reputation.

4.3.2. Relationship with Customers

Four items make up this scale relating to respondents' relationship with their customers, and they comprises the following :

- a) Customers' right to confidentiality.
- b) Customers' right to product safety.
- c) Customers' right to Truth in Advertising.
- d) Companies should compete fairly.

Based on the aggregate scores of the respondents, the study revealed that they had average ethical scores for situations involving customers' rights to confidentiality and the need for companies to compete fairly and low ethical scores for customers' right to product safety and customers' right to truth in advertising.

4.3.3. Relationship with Suppliers and Vendors

This scale comprises six items which detailed the respondents' relationship to their suppliers and vendors. The items are as follows :-

- a) Bribery and favors in kind.
- b) Small gifts during business transactions.
- c) Business lunches and entertainment.
- d) Providing corporate confidential information.
- e) Using political influence to obtain business advantage.
- f) Disqualification from tender board due to conflict of interest.

Based on the aggregate score of the respondents, the study revealed that they had average ethical scores for situations involving the usage of political influence to obtain business advantage and low ethical scores for the rest. In fact, the item involving business lunches and entertainment was the lowest score across all relationships with own organisation, customers and vendors at only 6.1 percent for scale Number 5.

4.4. Analysis of Measures

In the field of research, the concept of reliability is basic to every measurement situation. In fact, reliability can be broadly defined as the degree to which measures are free from error and can therefore yield consistent results. As such, the reliability of the multi-item ethical scale was evaluated by calculating the coefficient of reliability, which is also the Cronbach's Coefficient Alpha. This technique computes the mean reliability coefficient estimates for all possible ways of splitting a set of items in half.

From the SPSS output, as in Table 36, the Cronbach's Coefficient Alpha is 0.6371. As this study is generally exploratory in nature, this satisfies the basic requirement of 0.6 to 0.7 for researches of this kind. It is pertinent to note that all the items are in the range of 0.6007 to 0.6565, which means that a deletion of any item in the scale will not make much of a difference to the alpha level.

4.5. Testing of the Hypothesis

The T-Test was used to test the variance of means between two groups, and in this instance, gender differences were evaluated. The null hypothesis states that both the means are equal, that is, no difference with regard to the individual items on the scales. A significance level of alpha at 0.05 was selected to reject the null hypothesis. Therefore, the criteria for accepting or rejecting the null hypothesis is whether the two-tailed probability is greater or less than 0.05. Based on the SPSS output as in Table 23, there were three items which were significant. They were work relationship, employees' right of reply during dismissal charge and customers' right to confidentiality.

The T-Test was also used to test the variance of means between respondents in the public and private sector. The null hypothesis is that the means of both respondents in the public and private sectors are equal, with no significant difference in their responses to the items in the Ethical Scale. Again, the significance level of alpha at 0.05 was selected. The output from SPSS as produced in Table 24 showed that there were 5 items which were significant. They were work relationship, consistency in punishment policy, usage of corporate resources, customers' right to truth in advertising and disqualification from tender board in event of conflict of interests.

For comparison of means of more than two groups, the Analysis of Variance (ANOVA) is used. This technique has the capability to provide us with a test for the significance of the difference between means. From the SPSS output as in Table 25 to Table 35, the study showed many items which were considered significant at the alpha 0.05 level. Based on the variables, they are as follows :-

Table	Scale	No. of Items in Scale	No. of Items considered Significant
Table 25	Organisation Type	22	9
Table 26	Organisation Size	22	11
Table 27	Occupational Level	22	11
Table 28	Length of Work Experience	22	2
Table 29	Locality	22	14
Table 30	Religion	22	2
Table 31	Race	22	4
Table 32	Age	22	1
Table 33	Marital Status	22	0
Table 34	Educational Qualifications	22	7
Table 35	Income Level	22	10

Note : for full details of items in scale considered significant, refer to tables 25 – 35.

Correlation technique measures the inter-relatedness of two variables in research. This is done through the calculation of the correlation coefficient, r . There are various fallacies in the interpretation of the correlation coefficients. For a start, it is important to note that correlation does not imply cause. It is a measure of linear relation only. Correlations may be either positive or negative. Based on the Product-Moment Coefficient of Correlation developed by Pearson, the SPSS output which is at the significance level of 0.01 and 0.05 (2-tailed) showed the following results :

Item on Ethical scale	No. of Correlations at Significance 0.01	No. of Correlations at Significance 0.05
Work relationship	4	5
Sexual Harassment	8	10
Hiring	7	9
Promoting	11	11
Firing	7	11
Safe Work Environment	9	10
Consistent Punishment	9	10
Corporate Resources	4	5
Corporate Reputation	5	7
Whistle-blowing	7	10
Conflict (relatives)	4	51
Conflict (friends)	1	3
Customer Confidentiality	5	10
Product safety	4	5
Truth in Advertising	3	4
Fair Competition	4	6
Bribery/ Favors in Kind	6	14
Gifts during business	6	6
Business Lunches	3	7
Confidential Information	7	11
Political Influence	7	14
Disqualification from Tender	3	4

Note : Refer to Table 37 for details of correlation between the variables.

Regression is another statistical technique for measuring the linear association between a dependent and independent variable. In the case of multiple regression, the values of several predictor (independent) variables are used to estimate the values on a criterion (dependent) variable. The objective is to determine whether or not a relationship exists between the criterion variable and the predictor variables, and to describe the nature of this relationship in a

mathematical equation. In this study, the criterion or dependent variable is the sum total of ethical perceptions of the respondents to the overall Ethical Scale. The predictor or independent variables are all the demographic and organisational factors relating to the respondents.

There are two ways to perform a regression analysis. One of the most commonly used methods is the stepwise regression. In this case, the procedure begins with the predictor variable that accounts for the most variance in the criterion variable and then, one at a time, the other variables are added which account for most of the remaining variance. The stepwise regression is stopped at the point where the introduction of another variable would only account for only a trivial or statistically insignificant portion of the unexplained variance. The alternative method is the enter method which considers all the predictor variables and then construct the regression equation from the total set of predictor variables.

Using stepwise regression for the study, SPSS output stopped at the ninth step. The results are as follows :-

Variable	Job Level
R-Square	0.074
Adj R-Sq	0.069
Beta	- 0.133

Variable	Job Level	Company Size
R-Square	0.074	0.099
Adj R-Sq	0.069	0.090
Beta	- 0.121	- 0.030

By stopping at the second step, this means that only two variables were significant in explaining the variation in the criterion variable. From the output,

“Job Level” item alone accounts for 7.4 percent of the variation in the criterion variable. When the second variable ,which was “Company Size” was added, the adjusted R-Square became 0.090 which means that the second variable explained 9 percent of the variation in the criterion variable. The total variation in the dependent variable that is explained by these two variables is 15.9 percent. This means that the balance of 84.1 percent is explained by other variables and also other factors not in the regression model.

The regression equation using stepwise method is as follows :-

$$Y=15.749 - 0.121X_1 - 0.030X_2$$

Where X_1 = Job Level

X_2 = Company Size

On the other hand, if we use the “enter” or “force-entry” method, we get a slightly different regression equation with all the predictor (independent) variables in the regression model. From the SPSS output using the “enter” method, the adjusted R-square value is 0.452 or 45.2 percent. This means that the percentage of variation in the dependent variable that is explained by the regression model is only at 45.2 percent while 54.8 percent is explained by other factors not in the model.

The regression model is as follows :-

$$\begin{aligned} Y = & 4.298 - 0.207 X_1 - 0.0014X_2 - 0.00056X_3 - 0.0001X_4 + 0.0363X_5 \\ & + 0.0127X_6 + 0.086X_7 - 0.062X_8 - 0.025X_9 - 0.056X_{10} - 0.051X_{11} \\ & + 0.022X_{12} + 0.086X_{13}. \end{aligned}$$

Where X1 = Organisation Type

X2 = Nature of Occupation

X3 = Occupation Level

X4 = Length of Service in Current Organisation

X5 = Company Size

X6 = Location of Respondent

X7 = Race

X8 = Sex

X9 = Age

X10 = Marital Status

X11 = Religion

X12 = Education Level

X13 = Income Level.

4.6. Summary of Research Results

The results of the study established that the ethical perceptions of respondents were generally high, as can be seen in Table 22, where the aggregate response has been mainly on the high side, that is, in the range of 3 to 5 in the 5-point Likert scale.

In investigating whether there were significant relationships in the responses between ethical perceptions and both demographic and organisational factors, the study revealed that several factors stand out. They were income level, location of respondent, occupational level and size of the company they were working in. Other factors which had moderate influence on the responses were the education level, race and gender. Factors which had minimal impact were age, religion and length of work experience, whilst marital status had absolutely no effect on the ethical perceptions of respondents.

The study revealed that respondents with higher income tend to score higher on the ethical ladder. This factor is, to a great extent, linked to the occupational level since it is fair to assume that a higher position would normally command a higher pay package. Harris (1990) suggested that the high ethical level of managers could be due to influence by the culture of the firm as well as their tenure with the firm. Specifically, he found that the values promoted by the firm were also those closely held by managers who have been with the company longer and who were already at higher levels in the organisational hierarchy. According to him, the socialization process may be the means by which this value shift is obtained, a view consistent with Schein (1984).

The location of respondents is an important factor as it implies that there exists an element of geographical bias between respondents from different parts of the country. Discounting Selangor state as the number of respondents only make up 1.0 percent of the study, it would appear that Penang has the highest level of ethicalness with a combined percentage of 92.9 for level 4 and 5 as shown in Table 22. Johore is next at 89.5 percent followed closely by Kuala Lumpur at 89.1 percent. Both Trengganu (87.5 percent) and Sarawak (83.9 percent) are positioned way at the bottom rungs. It is important to note that respondents in different parts of the country have different reactions when it comes to their relationships with their organisations and colleagues but think alike when it comes to dealing with customers, by having similar perceptions in situations involving ethics.

The study also found that the higher the job level of the respondents, the higher the ethicalness. Except for one or two variables, the CEOs are found to have the highest ethical perception. However, other researches investigating organisational level has yielded mixed results. On one hand, Chonko and Hunt (1985) found that higher level managers were less likely to perceive ethical problems, whilst studies by Delaney and Sockell (1992) and Posner and Schmidt (1987) found that lower level managers were more

pessimistic concerning the ethical behavior of the organisation. On the other hand, Mitchell *et al* (1992) found that higher level bank employees were more aware of ethical problems compared to lower level employees. This is consistent with the findings of Mehta and Kau (1984) whereby the hierarchy in the organisation is positively related to the level of ethics.

Company size also features significantly as a factor affecting the ethical perceptions of respondents. The results of the study borne out that generally, the bigger the organisation, the more ethical the staff. This is supported by Vitell and Festervand (1987) who found that respondents from smaller firms believed that unethical practices are more common in their industries. They concluded that smaller firms might be under greater pressure to engage in unethical behavior in order to remain competitive with larger firms. There is also a difference in scope. Murphy *et al.* (1992) in their study showed that smaller companies tend to avoid unethical behavior in marketing issues while larger firms have a tendency to avoid unethical issues in operational areas.

A question that often looms over researchers is the role of moral teachings and religion in influencing positive ethical behavior. Martin (1981-1982) observed that religious background can indeed affect an individual's ethical perceptions, with "religious" students appearing to be "more ethical" than their "non-religious" counterparts. This was supported by Shepherd and Hartenian (1991) who observed that students who scored high on religiosity tended to be "more ethically-oriented" than those who did not. Burns *et al* (1990) also reported that students attending a "religious" university were found to have "more ethical" perceptions than those attending a public university. That notwithstanding, the present study showed that the role of religion was minimal. There was no significant difference in ethical perceptions of respondents of the various faith in their various relationships with organisations, customers and vendors.

The study also found that the educational level of respondents had only a moderate impact on their ethical perceptions. This was more pronounced in their relationships with their organisations and colleagues. Those who are more highly educated are more conscious of the rights of the employee, and scores highly in areas like the right to reply when wrongly charged with an offence, the rights to a safe working environment and the need for a consistent policy on punishment. In fact, several past studies relating educational level to ethical beliefs have contradictory results. For example, Kohlberg (1969) found that educational level and moral development are positively related. Browning and Zabriskie (1983) in a sample of 154 industrial buyers found that respondents with less education viewed taking gifts and favors to be less unethical than those with more education. Jones and Gaultschi (1988) and Lane *et al* (1988) partially supported this relationship. However,, the empirical results in Harris (1990) showed that there is no significant statistical relationship between the respondents' educational level and their beliefs. There were also others who have found no support for this relationship. (Dubinsky and Ingram, 1984; Kidwell *et al*, 1987; Serwinek, 1992)

Gender differences and its impact on ethical behavior has been a fertile ground in ethics research for many years although the results have been inconclusive. In fact, the belief that gender differences might exist in moral conduct can be traced to Freud who believed in the notion of a "stronger male conscience". Development in this area reached a watershed with the findings by Gilligan (1982) who generated much interest in the subject of male and female treatment in the field of ethics. Interestingly, she found no significant difference between the sexes. Subsequent research based on her theory also reached the same conclusions. (Derry, 1987; Burton and Casey, 1980). The results of the present study confirmed that gender differences played a minimal role in the way respondents behave from the ethical point of view. The areas where there was significant differences were in work relationships, employees' right of reply when charged with wrongdoing and customers' right to confidentiality.

However, this has not stopped researchers from delving into the perceptions held by members of the opposite sex. Chonko and Hunt (1985), for example, in a study reported that female managers perceived that they face more ethical problems than male managers. In addressing this issue, the authors suggested that female managers may be using different ethical frameworks compared to males. This state of perception is not confined to women alone. Sikula and Costa (1994) reported that both men and women today commonly believe that females are more ethical than males. In other words, the general feeling from anyone that you may care to ask is that females are generally more ethical. (Jackall, 1988). Even empirical research conducted in the United States show female students holding a higher ethical position than males. (Arlow, 1991; Peterson *et al*, 1991; Poorsoltan *et al*, 1991).

Studies relating age to ethical beliefs have had more consistent results, and the consensus is that older respondents show less tolerance for unethical behavior than younger respondents. Longnecker *et al* (1989) in a study of 2,156 business leaders, concluded that "there appears to be a greater laxity among younger managers and professionals in business". Baumhart (1968), based on the findings of his study, reflects that managers become more ethical as they grow older partly because of financial security. The results of the present study do not appear to reflect this conclusion. It is found that the respondents are not affected by age. Maybe, the answer could be found in Berkman and Gilson (1986) who suggested that one's ethical perception formed at a younger age do not change or evolve over one's life.

Related to age is the tenure or working experience of employees in their own organisations. The results of the present study gave no indication that longer-serving employees are overall more ethically-oriented than junior employees. This is contrary to previous studies which found that employees with longer tenure tend to be more ethical than those with less experience. (Barnett

and Karson, 1989; Harris, 1990). According to Deshpande (1997), older employees (that is, aged 40 and above) are expected to be more ethical than younger employees. This is supported by Serwinek (1992) who feels that this could be due to older employees being more conservative in their outlook.

The present study also showed that race differences had only a moderate influence on the respondents' ethical perceptions. The four areas where the races recorded significant differences were work relationships, customers' right to confidentiality, product safety and gifts during business. Finally, marital status was not found to be an important factor. This means whether the respondent is single, married or married with children has no bearing on the way they ethically perceive themselves, vis-a-vis their organisations, their customers and their suppliers.

The results of the present study also provided invaluable feedback on respondents' views on ethics infrastructure and education. This relates specifically to mission statements, codes of ethics, ethics facilities and training and respondents' views on category of staff in their organisations likely to engage in unethical behaviour and who should attend ethics training.

Mission statements are often seen as beacons of light guiding organisations in pursuit of their corporate goals and are also the basis of their very existence. Pearce and David (1987) defined mission statements as attempting to address strategic management issues. According to them, they spelt out the fundamental unique purpose that sets a business apart from other firms of its type as well as identify the scope of a business' operations in product and market terms. Overall, 74.1 percent of respondents indicate an awareness of their organisations' mission statements.

Firstly, the results showed that organisation size had a direct effect on level of awareness, in that the bigger the organisation (more than 100

staff) the higher the level of awareness of respondents. This is further reflected in organisational type since respondents in typically large organisations (NTOs, airlines, hotels and state governments) have a higher level of awareness than smaller organisations (travel agencies). Secondly, the results also showed that occupation level also influences the level of awareness, as the higher the job level, the higher the level of awareness. Thus, CEOs have the highest awareness at 87.5 percent while clerks were the lowest at 50.0 percent. Finally, the length of work experience also matters. With the exception of the 11-20 years category, the results appear to indicate that the longer the work experience the higher the level of awareness.

However, mission statements frequently resemble ethical codes when they incorporate more metaphysical concepts such as values and ideals. In fact, ethical codes are written documents which are drawn up with the intention of guiding employee behavior. Seen thus, they can be regarded as managerial tools for shaping change. It is not uncommon that such codes demand from employees higher standards of behavior than that required by law. The results of the present study reflect almost similar trends as those of mission statements, in that organisation size and occupation level have a direct effect on the level of respondents' awareness. Thus, the bigger the organisation and the higher the job level, the higher the level of awareness.

The present study also revealed that 50.8 percent of respondents felt that their organisations have ethics training programmes. Based on type of organisations, airlines are perceived to have the highest (71.4 percent) ethics training with travel agencies the lowest (33.3 percent).

In terms of ethics infrastructure, 23.4 percent of respondents indicate the availability of an ethics unit or ethics officer in their organisational setup. Moreover, 52.3 percent of respondents have attended ethics courses, with CEOs having attended the most times at 75.0 percent and clerks the least

times at 25.0 percent. In gender terms, more males (60.8 percent) than females (44.0 percent) indicated having attended ethics courses.

In determining those most likely to engage in unethical behavior, the study showed that frontliners (51.3 percent) are most likely group, while CEOs (26.9 percent) are the least likely. For the various tourism segments, those likely to engage in unethical behavior are identified as executives in NTOs, and frontliners in airlines, hotels, travel agencies and state tourism units. By organisation size, those likely to engage in unethical behavior are frontliners for organisations of less than 300 staff and executives for organisations of more than 300 staff.

The study of gender is also an interesting aspect of ethical behavior analysis. The study showed that males (18.3 percent) are more than twice as likely to engage in unethical behavior than females (7.1 percent). By tourism segments, males (38.0 percent) in NTOs are overwhelmingly more likely to engage in unethical behavior than females (2.0 percent). For airlines, there is no difference as both males and females are equally likely to engage in unethical behavior. In the hotel and travel agent segments, males were found to be twice as likely than females to engage in unethical behavior. The study also found that in terms of occupation type, males were most likely to engage in unethical behavior in such portfolios such as management, purchasing, marketing, public relations and human resource management. Females were more likely than males to engage in unethical behavior in portfolios like research and operations, whilst there is no difference for accounting jobs.

It is also interesting to note that in all the 22 situations, the dominant trend where respondents are least ethical is related to conflicts of interest involving relatives which goes to prove the truth of the age-old saying that "blood is thicker than water". In fact, this trend is further reinforced in Table 15 where results indicate that respondents are least likely to engage in whistle-

blowing activities if the person to be exposed is a family member. Other situations in which respondents scored poorly on the ethical scale are related to Customers' right to product safety, Customers' right to truth in advertising, and Business Lunches and Entertainment to solicit business favors. In Table 38, the situation in which respondents are deemed most ethical is safe working environment. Other situations which are rated as highly ethical are the practice of promotion based on merit and effort, the right of reply when wrongly dismissed, hiring practice based on merit and the right to speak out against sexual harassment.